

## INTERNAL REVENUE SERVICE

Number: **INFO 2002-0040**

Release Date: 3/29/2002

CC:PSI:1-GENIN-155238-01

February 7, 2002

UILC 1362.00-00

Dear [REDACTED]:

We are responding to your correspondence requesting relief in order to establish 2000 as the effective taxable year for your S corporation status. The information submitted explains that you missed filing Form 2553 in a timely manner. Instead, the Internal Revenue Service approved the election for an effective date of January 1, 2001. Your corporation is ineligible for automatic late S corporation relief under Revenue Procedure 98-55 because your election was filed past the window period and failed to include a reasonable cause explanation attached to the Form 2553. Although we are unable to respond to your request as submitted, this letter provides useful information about correcting your situation.

Announcement 97-4 (copy enclosed) provides guidance on seeking relief for late S corporation elections. Generally, to request relief for a late or invalid S corporation election you must request a private letter ruling from the National Office. The procedures for requesting a ruling are set out in Revenue Procedure 2002-1 (copy enclosed). In addition, a proper user fee must be submitted along with your request. The fee for a ruling is \$6,000; however, taxpayers with gross income of less than \$1 million for the last 12-month taxable period qualify for a **reduced user fee** in the amount of \$500. If your business qualifies for the reduced fee, your request must include a statement certifying gross income; otherwise, you will be billed the higher fee. Please format your ruling request as shown in Appendix B of Rev. Proc. 2002-1.

If you decide to submit a ruling request, please provide documents supporting your intention to be an S corporation, and include the proper user fee. Please refer your package to our office by adding the following to the address:

Attn: CC:PA:T  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044

Direct to: CC:PSI:B1  
Room 5002

If you have computer web access, you may wish to visit [www.irs.gov/smallbiz](http://www.irs.gov/smallbiz) for specialized tax information, products, and forms relating to small businesses.

Please keep this letter with your tax records and feel free to provide a copy of it to your authorized representative. We hope that the above information proves helpful.

Sincerely yours,

/s/  
DIANNA K. MIOSI  
Chief, Branch 1  
Associate Chief Counsel  
(Passthroughs and Special Industries)

Enclosures:  
Announcement 97-4  
Rev. Proc. 2002-1